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C O N F I D E N T I A L SECTION 01 OF 05 OECD PARIS 10342

E.O. 11652: GDS
TAGS: CIEC
SUBJECT: APRIL 6 MEETING OF CIEC G-8 SENIOR OFFICIALS

1. BEGIN SUMMARY: APRIL 6 CIEC G-8 MEETING, CHAIRED BY

MACEACHEN OF CANADA, HELD GENERAL EXCHANGE OF ISSUES ON SUBSTANTIVE AND PROCEDURAL ISSUES TO BE RESOLVED IN FINAL STAGE OF CONFERENCE. DISCUSSION OF ENERGY WAS BRIEF AND REVEALED CLOSE CONVERGENCE OF G-8 VIEWS. LENGTHY DISCUSSION OF RAW MATERIALS ISSUES REVEALED CONTINUED DIFFERENCES BETWEEN U.S. AND EC ON COMMON FUND AND SOME PESSIMISM REGARDING PROSPECTS FOR SATISFACTORY CONCLUSIONS IN THIS AREA. ON TRANSFER OF RESOURCES AND FINANCE, THERE WAS AGREEMENT THAT G-8 SHOULD NOT GO BEYOND JOINT US/EC PAPER ON FEATURES IN TREATING DEBT ISSUE BUT THAT MEANS OF ALLEVIATING DEFICIT FINANCING PROBLEM SHOULD BE SOUGHT THROUGH CIEC AND ELSEWHERE. IN THIS CONNECTION, EC PROPOSAL THAT G-8 COUNTRIES CONTRIBUTE TO "SPECIAL ACTION FUND" FOR MSAS AND LLDCS RECEIVED CONSIDERABLE SUPPORT IN PRINCIPLE. ON PROCEDURAL ISSUES, GROUP AGREED ON IMPORTANCE OF CLOSE G-8 COORDINATION IN CIEC'S FINAL PHASE AND ON IMPORTANCE OF PROVIDING G-19 ADVANCE INDICATIONS OF GENERAL NATURE OF FINAL PACKAGE. (U.S. INDICATED WE WILL BE MAKING SOME BILATERAL APPROACHES ON OUR POSITIONS). NUMBER OF PROCEDURAL ISSUES WERE NOT FINALLY RESOLVED, INCLUDING LEVEL OF G-8 OFFICIALS TO BE PRESENT IN WINGS OF APRIL 26-28 CO-CHAIRMEN'S MEETING. G-8 WILL HOLD NEXT HORIZONTAL MEETING ON APRIL 24. NOTE: STATEMENTS BY US REP REPORTED BELOW ARE FOR POSTS' INFORMATION AND SHOULD NOT BE VIEWED AS GUIDANCE. END SUMMARY.

2. SENIOR OFFICIALS OF CIEC G-8 MET ON APRIL 6 AND DISCUSSED SELECTED SUBSTANTIVE TOPICS -- ENERGY, CONFIDENTIAL

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COMMODITIES, RESOURCE TRANSFER AND DEBT -- AS WELL AS A NUMBER OF PROCEDURAL ISSUES.

ENERGY

3. EC (BUTLER) EMPHASIZED CONTINUING CONSULTATIONS IN ENERGY AS A MAJOR CIEC OBJECTIVE. HE SAID A SPECIFIC FORMULA FOR THE CONSULTATIONS SHOULD NOT BE PUT FORWARD EARLY. INSTEAD, WE SHOULD ARRANGE FOR AN ENERGY COMMISSION-LIKE STRUCTURE TO EMERGE AT FINAL STAGE OF CONFERENCE. OTHER G-8 MEMBERS ENDORSED THE ON-GOING ENERGY DIALOGUE AS BEING IN THE INTERESTS OF ALL COUNTRIES, AND SEVERAL, INCLUDING THE U.S., STATED THAT WE SHOULD NOT BE PREPARED TO PAY ELSEWHERE TO GET IT. THE SWISS (JOLLES) SAID THE ENERGY CONSULTATIONS SHOULD BE AN ESSENTIAL ELEMENT IN THE PACKAGE FOR THE G-8, AND THAT THE G-8 SHOULD AVOID MAKING CONCESSIONS IN OTHER COMMISSIONS AND GETTING NOTHING OF SUBSTANCE ON ENERGY. US REP COOPER NOTED THAT DESIRE FOR CONSULTA-

TION ON ENERGY WAS STARTING POINT FOR CIEC BUT CAUTIONED AGAINST OUR AGAIN BEING DRAWN INTO ENLARGED CIEC-STYLE DISCUSSIONS OF NON-ENERGY ISSUES IN ORDER TO GET G-19 SUPPORT FOR AN ON-GOING ENERGY DIALOGUE.

4. ON OTHER ENERGY ISSUES, COOPER NOTED THAT U.S. REMAINS STRONGLY OPPOSED TO OIL PRICE INDEXATION, A VIEW ECHOED BY OTHER G-8 MEMBERS. ON ENERGY DEVELOPMENT IN EDDCS, HE SAID INDUSTRIALIZED COUNTRIES SHOULD USE CIEC TO ENCOURAGE EDDCS TO ADOPT POLICIES CONDUCTIVE TO DEVELOPMENT OF THEIR OWN ENERGY RESOURCES. SUGGESTING THE NEED FOR TECHNICAL AND FINANCIAL ASSISTANCE

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FOR THE DEVELOPMENT OF LDC ENERGY RESOURCES, HE SAID THE USG WAS CONSIDERING -- BUT HAD NOT YET REACHED A DEFINITIVE POSITION ON -- MORE FORMAL WAYS TO GET ADDITIONAL FINANCING INTO ENERGY DEVELOPMENT. ONE POSSIBILITY WOULD BE TO ASK THE WORLD BANK TO PAY MORE ATTENTION TO ENERGY DEVELOPMENT, AN IDEA THAT ATTRACTED CONSIDERABLE INTEREST AMONG OTHER G-8 DELEGATIONS.

5. COOPER SAID THE INTERNATIONAL ENERGY INSTITUTE (IEI) PROPOSAL SHOULD BE PURSUED, PROVIDED LDCS WERE INTERESTED IN IT. COOPER SUGGESTED IT WOULD BE DESIRABLE TO CANVASS LDCS IN CAPITALS -- WHERE THEY MIGHT BE MORE FLEXIBLE THAN IN CIEC ITSELF -- TO DETERMINE THEIR PRIORITIES AND INTERESTS IN SUCH PROPOSALS AS IEL.

RAW MATERIALS

6. DISCUSSION REVEALED CONTINUED DIVERGENCE IN G-8 VIEWS AND SOME PESSIMISM AS TO PROSPECTS FOR SATISFACTORY CIEC OUTCOME IN COMMODITIES. BUTLER INDICATED THAT COMMUNITY OBJECTIVE WAS TO OBTAIN A CIEC CONCLUSION THAT APPROXIMATED THE EUROPEAN COUNCIL DECISION IN ROME, I.E. THAT THERE SHOULD BE PRICE STABILIZATION AGREEMENTS WHERE APPROPRIATE FOR INDIVIDUAL COMMODITIES, AND THAT THERE SHOULD BE A COMMON FUND THAT WOULD CONTRIBUTE TO OBJECTIVES OF NAIROBI RESOLUTION, DETAILS OF WHICH WOULD BE WORKED OUT THROUGH FURTHER NEGOTIATIONS AT UNCTAD. HE SAID THE COMMUNITY HAD NOT YET REACHED A POSITION ON WHETHER OR NOT THERE SHOULD BE EFFORT TO ACHIEVE FURTHER SUBSTANTIVE MOVEMENT IN CIEC ON COMMON FUND. MORE STUDY WAS NEEDED ON A NUMBER OF ISSUES, INCLUDING POSSIBLE TYPES OF FUNDS, HOW A FUND

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MIGHT BE FINANCED, AND WHETHER IT SHOULD HAVE AN OVER-DRAFT FACILITY. SWEDEN AND TO A LESSER EXTENT SWITZERLAND SUPPORTED THE EC POSITION ON THE COMMON FUND. BUTLER INDICATED THE EC HAD NOT YET FULLY DEVELOPED A PROPOSAL FOR A GLOBAL STABEX SYSTEM BUT THOUGHT CIEC SHOULD AT LEAST ADOPT A RECOMMENDATION THAT AN INTERNATIONAL STUDY OF SUCH A MEASURE BE UNDERTAKEN IN AN AGREED FORUM.

7. COOPER OUTLINED U.S. VIEWS ON THE ELEMENTS OF AN INTEGRATED COMMODITIES APPROACH AS FOLLOWS:

(1) SERIES OF PRICE STABILIZING INDIVIDUAL COMMODITY AGREEMENTS NEGOTIATED ONE BY ONE IN CASES WHERE THEY ARE ECONOMICALLY FEASIBLE; IF THERE WERE ENOUGH SUCH AGREEMENTS, WE COULD THEN ENVISAGE A COMMON FUND AS A CLEARING OR POOLING ARRANGEMENT, I.E., A DEPOSITORY FOR THE FUNDS OF THESE AGREEMENTS.

(2) FOR PURPOSES OF EARNINGS STABILIZATION, FURTHER IMPROVEMENT IN THE IMF COMPENSATORY IF NECESSARY AND IF IMF FINANCING FACILITY RESOURCES ARE SUFFICIENT.

(3) MEASURES TO STIMULATE RESOURCE DEVELOPMENT. NOTING THAT THERE IS A NEED FOR NEW INSTITUTIONAL MECHANISMS TO SUPPLEMENT LAGGING PRIVATE INVESTMENT IN RAW MATERIALS DEVELOPMENT, COOPER SAID WE HAD NO PRECISE MECHANISM TO PROPOSE BUT WERE CONSIDERING THE IDEA THAT PART OF THE LIKELY WORLD BANK CAPITAL INCREASE MIGHT BE DIRECTED TO THIS AREA. A NUMBER OF DELEGATIONS -- JAPANESE, AUSTRALIANS, SWISS -- SUPPORTED THIS ANALYSIS.

8. ON BUTLER'S PROPOSED LANGUAGE ON COMMON FUND, COOPER SAID WE WERE PREPARED TO STUDY -- OR NEGOTIATE TOWARD -- A COMMON FUND BUT NOT TO GIVE A BLANK-CHECK CONFIDENTIAL

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ENDORSEMENT OF THE PRINCIPLE AT THIS STAGE. THE EC'S GLOBAL STABEX IDEA, COOPER SAID WE WOULD STUDY BUT OUR IMPRESSION WAS THAT THERE WOULD BE NO NEED FOR SUCH A SCHEME IF PRICE STABILIZING AGREEMENTS WERE NEGOTIATED AND FACILITIES FOR COMPENSATING EXPORT EARNING SHORT-FALLS WERE ADEQUATE. (BUTLER LATER CLARIFIED THAT STABEX IDEA WAS INTENDED NOT AS A LOME-TYPE SCHEME. IT WOULD NOT NECESSARILY BE A PRODUCT BY PRODUCT SCHEME BUT RATHER A MECHANISM FOR ASSISTING THE POOREST LDCS

WHO WOULD NOT GENERALLY BENEFIT FROM OTHER MEASURES).

9. JAPAN (RAW MATERIALS COMMISSION CO-CHAIRMAN

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AMEMBASSY ISLAMABAD

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MIYAZAKI) TOOK NO POSITION ON LANGUAGE SUGGESTED BY EC BUT THOUGHT IT WOULD BE IMPOSSIBLE TO CONCLUDE CIEC WITHOUT INCLUDING SOME REFERENCE TO A COMMON FUND AS PART OF AN INTEGRATED PROGRAM.

10. AUSTRALIAN DEL THOUGHT THAT IN LIGHT OF GENEVA BREAKDOWN COMMODITIES AREA OFFERED OPPORTUNITY FOR CIEC TO PLAY VALUABLE ENERGIZING ROLE. HE SUGGESTED THAT THE DIFFERENCES BETWEEN THE U.S. AND EC POSITIONS WERE MINIMAL. IN ADDITION, HE THOUGHT OPPORTUNITY EXISTED IN UPCOMING NEGOTIATIONS ON COPPER, TUNGSTEN, SUGAR, AND WHEAT TO VALIDATE CASE-BY-CASE APPROACH TO INDIVIDUAL COMMODITY IN A WAY THAT WOULD FACILITATE RESOLUTION OF COMMON FUND PROBLEM. JOLLES EXPRESSED DOUBT THAT MUCH HEADWAY COULD BE MADE ON THE COMMON FUND ISSUE IN CIEC GIVEN THE FUNDAMENTAL DIFFERENCES BETWEEN THE G-77 CONCEPTION -- WHICH WAS BASICALLY THAT OF A CENTRAL DEVELOPMENT FINANCE AGENCY -- AND THE VARIOUS POOLING OPTIONS BEING CONSIDERED BY THE INDUSTRIALIZED COUNTRIES. JOLLES AGREED THAT CIEC MIGHT ENERGIZE UPCOMING NEGOTIATIONS ON COPPER AND SUGAR, BUT WAS CONCERNED THAT IF THESE NEGOTIATIONS FAILED TO PRODUCE AGREEMENT, THE CREDIBILITY OF G-8 SUPPORT FOR INDIVIDUAL ARRANGEMENTS WOULD BE SERIOUSLY DIMINISHED.

11. IT WAS GENERALLY AGREED THAT THE COMMON FUND DISCUSSIONS IN GENEVA SHOULD NOT BE CHARACTERIZED AS A FAILURE, SINCE THEY HAD ADVANCED THE PROCESS OF EDUCATING LDCS TO ECONOMIC REALITIES AND GIVEN THEM A CLEARER IDEA OF ALTERNATIVES THAT MIGHT BE NEGOTIABLE. NONETHELESS, THERE WAS LITTLE PROSPECT THAT G-19 WOULD BACK OFF ON THE COMMON FUND ISSUE AT CIEC. GENEVA OUTCOME
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PROBABLY MEANT THAT G-8 POSITIONS WHICH MIGHT HAVE BEEN ACCEPTABLE TO G-19 A MONTH AGO WOULD NO LONGER BE SALEABLE. PICKING UP ON POINT MADE BY US REP (BOSWORTH) THAT G-19 COULD NOT NEGOTIATE ON BEHALF OF THE 77 ON THE COMMON FUND, MACEACHEN IN HIS SUMMATION SAID THAT PEREZ-GUERRERO HAD SOUGHT TO CONVEY IMPRESSION THAT G-19 WAS

NOW MORE REALISTIC, BUT THAT WE WOULD NOT KNOW FOR SURE UNTIL LAST DAY OF CONFERENCE.

TRANSFER OF RESOURCES AND FINANCE

12. EC (BUTLER) OPENED BY NOTING THAT ON DEBT ISSUE NOTHING SHOULD BE DONE TO COMPROMISE US/EC PAPER ON FEATURES WHICH SHOULD FORM BASIS OF CIEC OUTCOME ON THAT ISSUE. NONETHELESS, CIEC SHOULD RECOGNIZE EXTREME IMPORTANCE OF DEFICIT FINANCING PROBLEMS. IN THIS CONNECTION, HE POINTED TO IMPORTANCE OF UPCOMING IMF INTERIM COMMITTEE CONSIDERATION OF ENLARGED IMF FINANCING FACILITY. AS FOR SPECIFIC CIEC ACTION, BUTLER PUT FORWARD EC SCHEME FOR "SPECIAL ACTION FUND" TO ASSIST LDCS AND MSAS WITH FAST DISBURSING AID, WHICH EC PROPOSED SHOULD BE CONTRIBUTED TO THROUGH EQUITABLE BURDEN SHARING BASED ON AN INTERNATIONAL KEY TO BE AGREED BY G-8 MEMBERS. HE EXPECTED FORMAL EC DECISION ON THIS AT MAY 3 EC COUNCIL. EC'S PREFERRED VEHICLE FOR SUCH A FUND WAS IDA, BUT IT RECOGNIZED THAT ALTERNATIVE ARRANGEMENTS IN FORM OF COORDINATED BILATERAL ASSISTANCE MIGHT BE NECESSARY FOR SOME COUNTRIES. BUTLER INDICATED HE WAS NOT AUTHORIZED TO PUT FORWARD SIZE OF FUND WHICH EC HAS IN MIND.

13. COOPER AGREED THAT G-8 SHOULD STICK TO JOINT US/EC PROPOSITION ON DEBT FEATURES. RECOGNIZING THAT WHAT LDCS HAD IN MIND IN CIEC DISCUSSION OF DEBT WAS REALLY TRANSFER OF RESOURCES, U.S. AGREED ON DESIRABILITY OF DOING SOMETHING SPECIAL IN ASSISTANCE AREA. BUT
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COOPER COULD NOT NOW DESCRIBE OUR THINKING. HE INDICATED THAT PRESIDENT HAD NOT YET DECIDED ON PROPOSAL THAT U.S. ANNOUNCE SUBSTANTIAL INCREASE IN DEVELOPMENT ASSISTANCE. COOPER INDICATED THAT U.S. HOPED TO BE ABLE TO GO ALONG WITH "SPECIAL ACTION" PROPOSAL, PROVIDED U.S. SHARE WAS NOT "OUTLANDISHLY" LARGE. HE SAID CONGRESSIONAL ATTITUDE MADE IT UNDESIRABLE FOR THE U.S. TO SEEK TO CONTRIBUTE THROUGH IDA IN FORM OF FAST DISBURSING AID. HE DID NOT THINK SUCH ADDITIONAL ASSISTANCE TO POOREST LDCS SHOULD BE DIRECTLY LINKED TO DEBT.

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14. OF OTHER DELS WHO SPOKE, SWEDEN INDICATED STRONG SUPPORT FOR SPECIAL ACTION FUND, JAPAN INDICATED SUPPORT IN PRINCIPLE (BUT HESITANCY ON IDA AS VEHICLE), AND SPAIN (OECD PERMREP VALLAURE) POINTED TO BALANCE OF PAYMENTS DIFFICULTIES AND SAID HE COULD MAKE NO COMMITMENTS ON NEW TRANSFER OF RESOURCES. SWISS NOTED THAT PARTICULAR DOMESTIC SITUATION (I.E. REFERENDUM VOTE AGAINST FOREIGN ASSISTANCE) MIGHT MAKE IT NECESSARY FOR ANY SWISS CONTRIBUTION TO BE IN FORM OF DEBT RELIEF. APART FROM THAT, THERE WAS GENERAL AGREEMENT THERE SHOULD BE NO RESPONSE ON DEBT ISSUE BEYOND US/EC FEATURES PAPER AND EFFORTS TO EXPAND RESOURCE TRANSFERS TO POOREST LDCS.

FORM OF THE FINAL RESULTS OF THE CONFERENCE.

15. COOPER SAID WE SHOULD RESIST THE TENDENCY TO SLIP INTO REGARDING CIEC AS A NEGOTIATING FORUM. IT WAS NOT. RATHER CIEC HAD BEEN ESTABLISHED AS A DIALOGUE THAT COULD TAKE AN OVERVIEW OF NORTH/SOUTH ISSUES AS A WHOLE. IN THIS CONTEXT, IT HAD BEEN MODERATELY SUCCESSFUL, BOTH IN TERMS OF THE OVERVIEW AND IN PROGRESS ON SPECIFIC ISSUES. THE FINAL RESULTS OF CIEC SHOULD TAKE ACCOUNT OF THE WHOLE RANGE OF THINGS CONSIDERED BETWEEN NORTH AND SOUTH OVER THE PRECEDING YEAR AND A HALF OR TWO YEARS.

16. THE CIEC MINISTERIAL SHOULD REMAND ISSUES TO RELEVANT FORUMS. AN EXAMPLE WOULD BE THE DEVELOPMENT COMMITTEE, WHICH MIGHT BE USED MORE THAN IN THE PAST.
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COOPER SAID THAT COUNTING ALL THE PROGRESS IN NORTH/SOUTH RELATIONS OF THE RECENT PAST WOULD HAVE THE ADVANTAGE OF KEEPING THE DIALOGUE AWAY FROM A "WHAT HAVE YOU DONE FOR ME LATELY" FRAME OF MIND WHICH COULD NEVER BE SATISFIED. FURTHERMORE, THIS APPROACH SHOULD ASSIST THE G-19 IN THEIR RELATIONS WITH THE G-77 BY SHOWING WHAT IMPROVEMENTS IN NORTH/SOUTH RELATIONS HAD IN FACT TRANSPIRED SINCE THE DIALOGUE BEGAN.

17. COOPER'S STATEMENT DREW THE WHOLEHEARTED ENDORSEMENT OF THE AUSTRALIANS. THE SWISS (JOLLES) THOUGHT COOPER'S NORTH-SOUTH BALANCE SHEET APPROACH WOULD BE USEFUL FROM THE VIEWPOINT OF PUBLIC RELATIONS, BUT HE DOUBTED THAT THEY WOULD BE ENOUGH TO ACHIEVE A SUCCESSFUL CONFERENCE. FOR THAT, SOME TANGIBLE RESULTS SPECIFICALLY IDENTIFIED WITH CIEC WOULD BE NEEDED. MACEACHEN ADDED THAT THE

G-8 HAD, AT THE SENIOR OFFICIALS MEETING LAST JULY,
MANDATED OURSELVES TO PRODUCE CONCRETE PROPOSALS WHICH
WOULD HAVE SIGNIFICANT EFFECT, AND PEREZ-GUERRERO AND
OTHERS WOULD NOT FORGET THIS.

PROCEDURAL QUESTIONS.

18. CO-CHAIRMAN MACEACHEN ELABORATED HIS VIEWS ON THE
PROCEDURE FOR CONCLUDING CIEC AS FOLLOWS: A G-8 HORI-
ZONTAL MEETING WOULD BE HELD ON APRIL 24 (AT 2:00 P.M.).
DURING THEIR APRIL 26-28 MEETING, THE TEN CO-CHAIRMEN
WOULD REVIEW THE EARLIER CIEC WORK AND KICK OFF THE FINAL
PHASE; THEY WOULD NOT ATTEMPT TO CHART NEW DIRECTIONS OR
PRODUCE A COMMUNIQUE. THE PRESENCE OF SENIOR OFFICIALS
IN THE BACKGROUND WOULD PROVIDE THE OPPORTUNITY FOR

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INFORMAL HIGH-LEVEL CONSULTATION. THE CONTACT GROUPS WOULD HAVE SOME FLEXIBILITY IN SCHEDULING THEIR MEETING WITHIN THE APRIL 29-MAY 14 WINDOW, THOUGH THE G-19 INTENDED FOR THESE GROUPS TO MEET FOR MOST OF THE PERIOD; THE CONTACT GROUPS WOULD BE THE SAME AS IN NOVEMBER AND WOULD REPORT TO THEIR RESPECTIVE COMMISSIONS. A G-8 HORIZONTAL COORDINATING MEETING WOULD TAKE PLACE ON MAY 25, FOLLOWED IMMEDIATELY BY THE MEETINGS OF SENIOR OFFICIALS AND THEN MINISTERS.

19. THE G-8 AGREED THAT CLOSE GROUP COORDINATION WAS IMPERATIVE DURING THE FINAL CIEC PHASE. THE VERTICAL GROUPS ARE MEETING ON APRIL 6 AND 7. THEY WILL MEET DAILY ONCE THE CONTACT GROUPS BEGIN WORK, AND THE G-8 HORIZONTAL GROUP WILL ALSO MEET REGULARLY DURING THE APRIL 26-MAY 14 PERIOD.

20. THE U.S. EMPHASIZED THAT THE G-8 NEEDED A FIRM POSITION ON THE FINAL PACKAGE AS SOON AS POSSIBLE. COOPER ANTICIPATED U.S. DECISIONS BEING TAKEN WITHIN 7-10 DAYS. WHILE RECOGNIZING THAT THE FINAL EC POSITIONS WOULD NOT BE READY UNTIL MAY 3, HE EMPHASIZED THAT THE GENERAL OUTLINE OF THE G-8 PACKAGE SHOULD BE GIVEN TO THE KEY G-19 LEADERS BEFORE APRIL 26 SO THEY WOULD SEE WHAT WE HAVE IN MIND AND WHAT THE LIMITATIONS ARE. SUCH NOTIFICATIONS WOULD HOPEFULLY EASE THE WORK OF THE CONTACT GROUPS. HE SAID THERE WERE SEVERAL WAYS IN WHICH THIS EFFORT TO INFORM THE G-19 MIGHT BE DONE. THE CANADIAN CO-CHAIRMAN COULD SPEAK WITH G-19 MEMBERS. ADDITIONALLY, THE U.S. WOULD WANT TO MAKE BILATERAL APPROACHES TO SOME OR ALL OF THE G-19, KEEPING THE CO-CHAIRMAN INFORMED. COOPER ALSO SAID THAT A G-19 TACTIC

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TO FORCE NEW CONCESSIONS AT THE SUMMIT WOULD NOT WORK BECAUSE SUCH PRESSURE TACTICS WOULD NOT CAUSE THE U.S. TO CHANGE ITS POSITIONS. THE EC AGREED THAT THE G-19 SHOULD BE ADVISED EARLY OF OUR GENERAL SUBSTANTIVE POSITIONS ON THE FOUR AREAS OF THE PACKAGE -- ENERGY, COMMODITIES, TRANSFER OF RESOURCES, AND PROTECTION OF INVESTMENTS -- BUT LEFT OPEN THE QUESTION OF WHETHER SUCH CONTACTS SHOULD TAKE PLACE BEFORE OR AFTER THE RESUMPTION OF THE CONTACT GROUPS. BUTLER SAID THE SPECIFICS OF THE "SPECIAL ACTION" INITIATIVE SHOULD BE HELD BACK UNTIL THE MINISTERIAL MEETING.

21. THE G-8 REPRESENTATIVES CONCURRED THAT EXTENSIVE THOUGHT NEEDED TO BE GIVEN TO CIEC PUBLIC RELATIONS DURING THE LAST MONTH OF CONFERENCE TO BUILD A CASE FOR THE G-8 POSITIONS AND TO COUNTER THE INEVITABLE PRESS CAMPAIGN OF THE G-19. MACEACHEN AGREED THAT THE CANADIANS WOULD LOOK INTO THE QUESTION.

MACEACHEN NEWS CONFERENCE.

22. FOLLOWING THE G-8, MACEACHEN GAVE A NEWS CONFERENCE ATTENDED BY ABOUT THIRTY NEWSMEN. HE KEPT HIS REMARKS GENERAL AND UPBEAT. IN ADDITION TO LAYING OUT THE TIME-TABLE FOR FUTURE MEETINGS AND STRESSING THAT A NUMBER OF POSITIVE IDEAS (WHICH HE DID NOT IDENTIFY) WERE SUBMITTED DURING THE MEETING BY THE EC AND THE U.S., HE MADE THE FOLLOWING POINTS IN RESPONSE TO QUESTIONS.

A. THE COMMON FUND IS STILL A LIVE ISSUE. ALTHOUGH THE G-8 DOES NOT YET HAVE A COMMON POSITION ON THIS, THE DIFFERENCE IS ONE OF EMPHASIS, NOT A FUNDAMENTAL DISAGREEMENT. THE G-8 WILL CONTINUE TO WORK ON IT.

B. THERE HAS BEEN NO DISCUSSION OF EXTENDING
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CIEC BEYOND JUNE 1. THERE IS A GENERAL DESIRE (IN THE G-8) TO CONTINUE THE ENERGY DIALOGUE.

C. THERE IS A PROSPECT THAT CIEC CAN SUCCEED IF THE G-19 AS WELL AS THE G-8 SHOW FLEXIBILITY.

23. INFO ADDRESSES WILL PLEASE NOTE THAT THE FOREGOING
REPORT IS FOR THEIR INFORMATION ONLY, AND THAT STATEMENTS
OF THE U.S. REP SHOULD NOT BE REGARDED AS GUIDANCE.
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